

FY 2019 Public Cost Segments and Components Report

I. PREFACE

A. Purpose and Content

USPS-FY19-2 is an output (“C” report) of the public FY 2019 Cost and Revenue Analysis (CRA) Model (USPS-FY19-31) that displays the volume variable and product specific costs by cost segment and component for domestic Market Dominant products and for domestic Competitive and International products in aggregate. There are 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, City Carrier In-Office Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation.

B. Predecessor Document

USPS-FY18-2

C. Corresponding Non-Public Document

USPS-FY19-NP12, FY 2019 Non-Public Cost Segments and Components Report

D. Methodology

The starting point for postal costing is the development of volume variable and product specific costs performed in the CRA Model (USPS-FY19-31). Those volume variable and product specific costs flow into the Cost Segments and Components Report presented in this folder. The FY 2019 Public Cost Segments and Components Report documented in USPS-FY19-2 follows the methods applied in the Commission’s FY 2018 Annual Compliance Determination (ACD) for calculating volume variable and product specific costs with the modifications discussed below and in USPS-FY19-31 (CRA Model) and USPS-FY19-32 (“B” Workpapers). This report presents product costs at the component level rather than at a more aggregated level. Components serve as the building blocks for the CRA. The display of volume variable and product specific costs at the component level enables customers to better evaluate and understand the sources of costs.

Modifications:

1. The name of component 49 in cost segment 7 was changed to Sunday/Holiday Delivery from Sunday Delivery to more accurately reflect the expenses included in the component.
2. The name of component 187 in cost segment 16 was changed to Expedited Mail Supplies from Misc Attrib PMPC / Intl / DC Supplies & Services to more accurately reflect the expenses included in the component.

E. Inputs/Outputs

The tables below show the ACR folders that serve as inputs/outputs to/from USPS-FY19-2.

Input ACR Folders

Description	ACR Folder
FY 2019 CRA Model	USPS-FY19-31

Output ACR Folders

Description	ACR Folder
FY 2019 Nonprofit Mail Cost Approximations	USPS-FY19-27
FY 2019 Special Cost Studies Workpapers – Special Services	USPS-FY19-28

II. ORGANIZATION

USPS-FY19-2 consists of an Excel workbook named 'FY19Public Cost Segs and Comps'. The workbook has tabs for each cost segment that show the volume variable and product specific costs by component for individual domestic Market Dominant products and for Competitive and International products in aggregate. The report also contains a tab named 'CSSummary' that displays aggregate volume variable and product specific costs by cost segment for each domestic Market Dominant product and for Competitive and International products in aggregate. Volume variable and product specific costs for several products are further modified by final adjustments performed in the model's "D" report which is contained in folder USPS-FY19-31.